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ABSTRACT

This 6-page pamphlet shares what the Student Financial Assistance (SFA) Office of the Ombudsman has learned from cases it has handled. An initial section offers information on the case management process, noting that the ombudsman process depends on the case's complexity and that many are revolved quickly. Next, it examines customer-reported case concerns. SFA customers have reported a variety of concerns in the over 1,700 cases covered by this interim report. Two charts show the issues raised most frequently. They indicate that information issues are the leading concern, followed by default status, service quality, and tax refund offset. The next section of the report discusses customer data in the National Student Loan Data System (NSLDS), matching the ombudsman database against the NSLDS. It looks at loan status by case type, loan program distribution by case type, and school control by case type. A final section lists some of the problems for which customers ask help from the ombudsman, including resolving discrepancies in loan balances and payments; understanding interest and collection charges; understanding financial aid requirements; finding loan holders; reestablishing eligibility for federal aid; finding promissory notes; and deferring or discharging loans. (SM)

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Interim Report

September 1999 to March 2000

SFA Ombudsman Serving Students

ED 445 573

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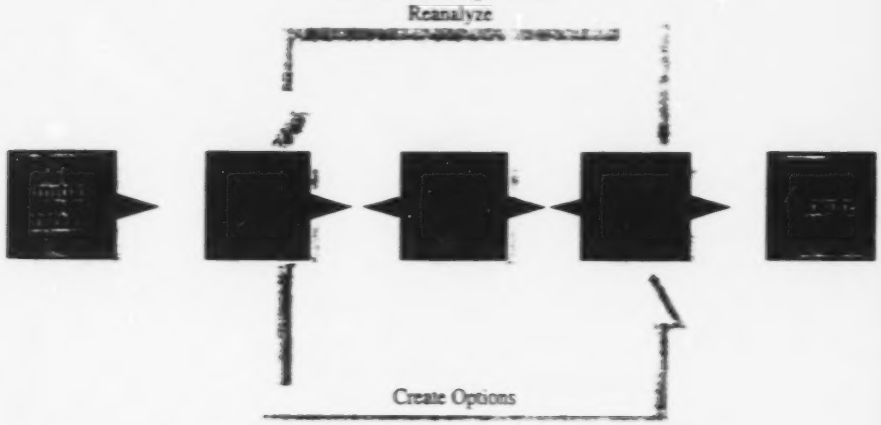
Ombudsman Case Processing

Case Management

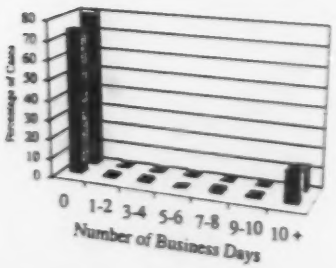


The case management process depends on the case's complexity:

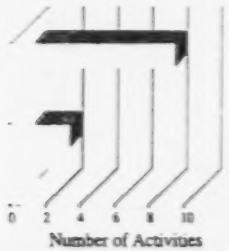
- General assistance cases need information or guidance on how to resolve their issues through other channels. These cases generally move directly from initial intake to closure with a minimal number of activities to reach closure.
- Problem assistance cases involve more issues and are assigned to an ombudsman specialist for extensive consideration. To reach closure, these cases require analysis and reanalysis, multiple contacts among the relevant parties to the case, and the development of potential solutions.

Case Type Distribution

Number of Business Days from Case Opened to Case Closed



Average Number of Activities per Case



Many cases are quickly resolved. Those cases that cannot be resolved immediately require more activities to reach closure. Activities include phone calls, letters, faxes, and e-mails with the customer and relevant third parties. Complex problem assistance cases require significantly more activities.

"We're able to help a large number of customers immediately by answering general questions. Other cases take longer because they involve long-standing and multiple issues."

Debra Wiley, Ombudsman

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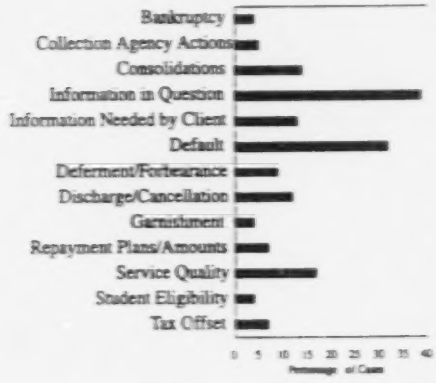
Customer-Reported Case Concerns

SFA customers report a variety of concerns in the over 1,700 cases covered by this interim report. Cases often have several cross-cutting issues. These charts show the issues raised most often. Information issues are the leading concern, followed by default status and service quality.

Customer-Reported Problem Assistance Case Issues



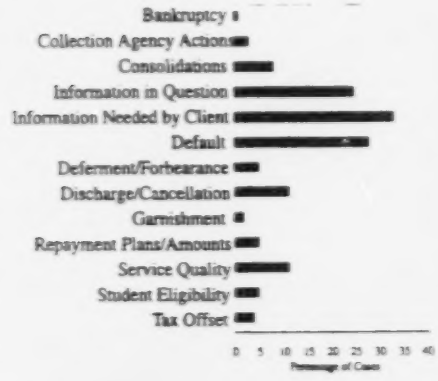
Information

- Customers report two major concerns:
  - Information accuracy; and
  - Need for more information.
- Information accuracy is cited more often for problem assistance cases.

Default Status

Default status is the second most common issue. It is identified as part of a customer's concerns in about one-third of both problem assistance and general assistance cases.

Customer-Reported General Assistance Case Issues



Service Quality

Customers complain about the quality of the service received. For example, they express frustration with delayed, inadequate and impersonal responses to their concerns.

Tax Refund Offset

Some cases arise from the income tax refund offset when borrowers' income tax refunds are retained to reduce their defaulted loan balances. A relatively small number of cases raised this issue from September 30, 1999 to February 29, 2000. Tax refund offset issues showed a sharp increase in March 2000.

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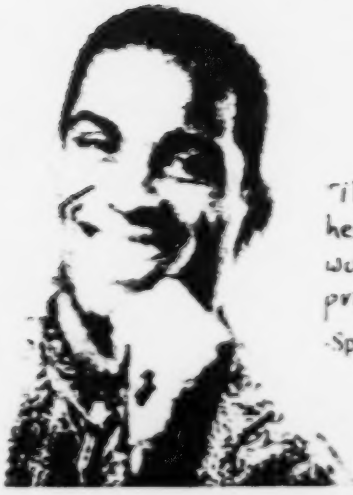


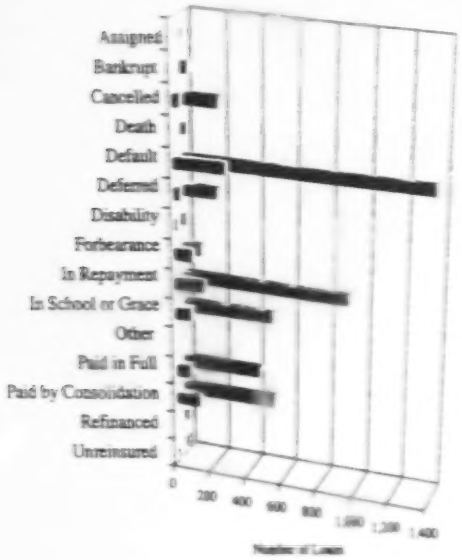
"Thank you so very much for your help concerning our billings and for walking us through the forbearance process I appreciate your help so much!"

-Spouse of borrower

Customer Data in NSLDS

We matched the ombudsman database against the National Student Loan Data System (NSLDS) and obtained a fuller picture of our customers than was available from the ombudsman's data alone.

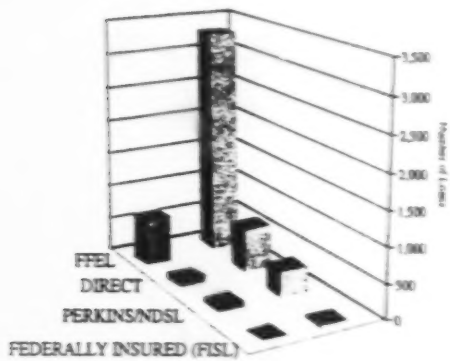
Loan Status, by Case Type



Loan Status

One-third of the customers' loans are in default in NSLDS. This finding confirms the customer-reported data from the ombudsman's database indicating that, contrary to expectations, only one-third of customers are concerned about defaulted loans.

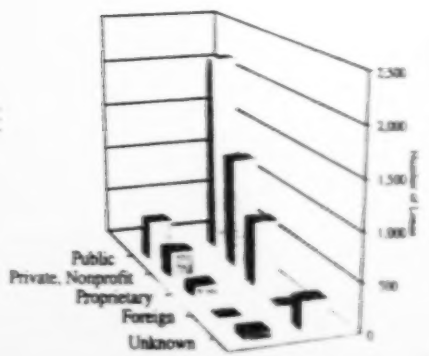
Loan Program Distribution, by Case Type



Federal Loan Programs

- The proportional distribution of customers' loans by loan program is similar for general assistance and problem assistance cases.
- The number of ombudsman customers' loans by federal loan program generally correlates with the distribution of all outstanding loans by programs.

School Control, by Case Type



School Control

The proportional distribution of customers' loans by school control, such as public, private and proprietary, is similar for general assistance and problem assistance cases.

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Our Customers

The average customer's age is 37. A majority are 25 to 50 years of age. The average time in repayment is 6 years.

A Message from the Ombudsman

Dear Customers and Partners:

SFA's Office of the Ombudsman is up and running. We began taking calls on September 30, 1999, and are learning something from every case. We want to share some of what we have learned from more than 1,700 cases in the first six months. Our October 2000 annual report will provide a fuller assessment.

The Office of the Ombudsman is an independent unit within Student Financial Assistance (SFA), reporting directly to its Chief Operating Officer Greg Woods. The office:

- Seeks informal resolution of student loan borrower complaints;
- Analyzes borrower complaints and make recommendations for improvements in the student loan programs; and
- Reports annually to the chief operating officer of SFA on the activities and effectiveness of the Ombudsman.

We are an impartial, confidential resource that is available after other processes to resolve issues have been used. The cases coming to us often deal with situations of long-standing complexity and frustration. Each case is researched completely, and resolutions are developed collaboratively. Our goal is to determine who is right; it is to seek outcomes reflective of the interests of all involved.

Schools, lenders, guarantors, servicers, contractors and SFA offices collaborate with us and with the borrowers to resolve cases. The cooperation works. SFA customers react positively. We all learn how to anticipate and deal with similar situations effectively.

This interim report is based on the data available to date and only hints at how exciting and satisfying this work is. As we continue to learn from each individual cases, we are installing a new case tracking system to expand the opportunities for sharing summary data. Look for that data as part of our first annual report in October 2000.

Debra Wiley

"My sincere thanks to you for the very prompt action in my case and its quick assessment and resolution. Thank you for making the ombudsman work."

-A Student loan borrower

How to Contact Us

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U.S. Department of Education
Student Financial Assistance
Room 3012, ROB #3
7th and D Streets, SW
Washington, DC 20202-5144

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Customers ask the ombudsman to help them:

- Resolve discrepancies in loan balances and payments;
- Understand interest and collection charges;
- Understand financial aid requirements;
- Find loan holders;
- Rehabilitate loans by establishing satisfactory repayment plans;
- Reestablish eligibility for federal aid;
- Find promissory notes;
- Defer or discharge loans; and
- Resolve issues related to income tax refund offsets, default status, consolidations, bankruptcies, service quality and any other customer concern.

"Your specialist addressed a negative situation in a professional and informative way that really helped me. She was awesome. I want to express my gratitude for your office fostering a more positive interaction with people with loan concerns"

-Student loan borrower

"Thank you for your time and patience. Without you, I could never have settled the conflicting information about my loans so quickly"

-Student loan borrower

"Thank you! I've been working on this for two years, and you're the first person who explained the process to me."

-Student loan borrower

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